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MAR 03 2009

John A. Clarke, Executive Officer/Clerk
BY ~~ELLEN A. LOPEZ, Deputy~~

Attorneys for Cross-Complainants
9 BRUCE WILLIS, WILLIS BROTHERS FILMS, LLC and ACE BONE, INC.

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

12 FORESIGHT UNLIMITED, LLC, a California)
13 limited liability company; SIGNATURE)
14 ENTERTAINMENT GROUP, LLC, a California)
15 limited liability company; THREE STORIES)
16 PRODUCTIONS, LLC, a Louisiana limited)
17 liability company,)

CASE NO.: BC 408662
Hon. Aurelio Munoz - Dept. 47

Plaintiffs,

CROSS-COMPLAINT FOR:

v.

18 WILLIS BROTHERS FILMS, LLC, a California)
19 limited liability company; ACE BONE, INC., a)
20 California corporation; BRUCE WILLIS, an)
21 individual; and DOES 1 through 10, inclusive,)

- (1) FRAUD
- (2) PROMISSORY ESTOPPEL
- (3) BREACH OF CONTRACT
- (4) BREACH OF CONTRACT
- (5) DECLARATORY RELIEF

Defendants.

22 BRUCE WILLIS, an individual; WILLIS)
23 BROTHERS FILMS, LLC, a California limited)
24 liability company; ACE BONE, INC., a)
25 California corporation,)

DEMAND FOR JURY TRIAL

Complaint Filed: February 27, 2009

Cross-Complainants,

v.

26 MOSHE DIAMANT, an individual; MARK)
27 DAMON, an individual; FORESIGHT)
28 UNLIMITED, LLC, a California limited liability)
company; SIGNATURE ENTERTAINMENT)
GROUP, LLC, a California limited liability)
company; THREE STORIES PRODUCTIONS,)
LLC, a Louisiana limited liability company; and)
ROES 1 through 20, inclusive,)

Cross-Defendants.

1 Cross-Complainants Bruce Willis, Willis Brothers Films, LLC, and Ace Bone, Inc. allege
2 as follows:

3 INTRODUCTION

4 1. This action presents a timeless Hollywood tale. Producer lures A-list movie star into
5 agreeing to make a movie by promising that Producer has the full financing to produce the movie
6 and pay the star's asking price. After the star has committed to the picture and invested time and
7 energy in the project, Producer confesses that he doesn't in fact have the financing, and asks the star
8 to defer his fees but keep rendering services. When the star refuses, Producer trumps up a claim that
9 the star has somehow reneged on his agreement.

10 2. Bruce Willis, one of the most sought after actors in the world, was contacted by a
11 Hollywood Producer, Moshe Diamant, who represented that he had secured the financing to produce
12 a movie entitled "*Three Stories About Joan*," which Bruce Willis was willing to star in for a
13 substantially reduced acting fee. As evidence that they had secured the money necessary to finance
14 the movie, Producer Diamant and his co-conspirator Cross-Defendants assured and represented to
15 Bruce Willis that they would provide a commitment letter no later than thirty (30) days prior to the
16 commencement of the shooting of the movie confirming that they had obtained \$20 million of
17 financing for the movie, and that they would deposit Bruce Willis' acting fee in escrow at least seven
18 (7) days prior to the commencement of shooting of the movie.

19 3. In reliance on the assurances, promises and commitments made by Moshe Diamant
20 and his cohorts, Cross-Complainants agreed that they would convey the rights that they control in
21 the movie to Cross-Defendants. It was only after Bruce Willis, Producers Stephen Eads and David
22 Willis, and many members of the cast and crew spent more than five (5) weeks working on pre-
23 production of the movie, and on the eve of commencing principal photography of the movie, that
24 Moshe Diamant admitted that he and the Cross-Defendants did not have the financing in place to
25 produce the movie or to pay Mr. Willis' fee. As a result of Cross-Defendants not having the money
26 to finance the movie, failing to pay the cast and crew, and reneging on their contractual obligations,
27 assurances and representations, the movie did not get made, and Cross-Complainants were
28 compelled to file this action.

THE PARTIES

1
2 4. Cross-Complainant BRUCE WILLIS is, and at all times relevant hereto was, an
3 individual residing and/or doing business in Los Angeles County, California.

4 5. Cross-Complainant WILLIS BROTHERS FILMS, LLC ("WB") is, and at all times
5 relevant hereto was, a limited liability company duly organized and validly existing under the laws
6 of California, with its principal place of business located in Los Angeles, California.

7 6. Cross-Complainant ACE BONE, INC. ("Ace Bone") is, and at all times relevant
8 hereto was, a limited liability company duly organized and validly existing under the laws of
9 California, with its principal place of business located in Los Angeles, California.

10 7. Cross-Complainants are informed and believe and based thereon allege that Cross-
11 Defendant MOSHE DIAMANT ("Diamant") is, and at all times relevant hereto was, an individual
12 residing and/or doing business in Los Angeles County, California.

13 8. Cross-Complainants are informed and believe and based thereon allege that Cross-
14 Defendant MARK DAMON ("Damon") is, and at all times relevant hereto was, an individual
15 residing and/or doing business in Los Angeles County, California.

16 9. Cross-Complainants are informed and believe and based thereon allege that Cross-
17 Defendant FORESIGHT UNLIMITED, LLC ("Foresight") is, and at all times relevant hereto was,
18 a limited liability company duly organized and validly existing under the laws of California, with
19 its principal place of business located in Los Angeles, California.

20 10. Cross-Complainants are informed and believe and based thereon allege that Cross-
21 Defendant SIGNATURE ENTERTAINMENT GROUP, LLC ("Signature") is, and at all times
22 relevant hereto was, a limited liability company duly organized and validly existing under the laws
23 of California, with its principal place of business located in Los Angeles, California.

24 11. Cross-Complainants are informed and believe and based thereon allege that Cross-
25 Defendant THREE STORIES PRODUCTIONS, LLC ("Three Stories") is, and at all times relevant
26 hereto was, a limited liability company duly organized and validly existing under the laws of
27 Louisiana, conducting business in Los Angeles, California.

28 12. Cross-Complainants are ignorant of the true names and capacities of Cross-

1 Defendants sued herein as Roes 1 through 20, inclusive, and therefore sues said Cross-Defendants
2 by such fictitious names. Cross-Complainants are informed and believe and based thereon allege
3 that the fictitiously named Cross-Defendants sued herein as Roes 1 through 20, inclusive, and each
4 of them, are in some manner responsible or legally liable for the actions, events, transactions and
5 circumstances alleged herein. Cross-Complainants will amend this Cross-Complaint to assert the
6 true names and capacities of such fictitiously named Cross-Defendants when the same have been
7 ascertained. For convenience, each reference to a named Cross-Defendant herein shall also refer to
8 the Roe Cross-Defendants, and each of them.

9 13. Cross-Complainants are informed and believe and based thereon allege that at all
10 times mentioned herein there existed a unity of interest in ownership between Cross-Defendants
11 Diamant, Damon, Foresight and Signature, on the one hand, and Cross-Defendant Three Stories, on
12 the other hand, such that the individuality and separateness between them ceased and that Cross-
13 Defendants Diamant, Damon, Foresight and Signature were the alter ego of Cross-Defendant Three
14 Stories, in that, among other things: (a) Cross-Defendants Diamant, Damon, Foresight and Signature
15 controlled, dominated, managed and operated Three Stories as their alter ego; (b) there has been a
16 failure to comply with or observe the formalities of corporate formation and/or operation; (c) Three
17 Stories was inadequately capitalized and unable to carry out its intended business and pay its debts
18 and obligations as they fell due; and (d) the individuality of Three Stories is a sham and fiction, and
19 should be disregarded pursuant to the doctrine of piercing the corporate veil.

20 14. Cross-Complainants are informed and believe and based thereon allege that at all
21 times mentioned herein there existed a unity of interest in ownership between Cross-Defendant
22 Diamant, on the one hand, and Cross-Defendant Signature, on the other hand, such that the
23 individuality and separateness between them ceased and that Cross-Defendant Diamant was the alter
24 ego of Cross-Defendant Signature in that, among other things: (a) Diamant controlled, dominated,
25 managed and operated Signature as his alter ego; (b) there has been a failure to comply with or
26 observe the formalities of corporate formation and/or operation; (c) Signature was inadequately
27 capitalized and unable to carry out its intended business and pay its debts and obligations as they fell
28 due; and (d) the individuality of Signature is a sham and fiction, and should be disregarded pursuant

1 to the doctrine of piercing the corporate veil.

2 15. Cross-Complainants are informed and believe and based thereon allege that at all
3 times mentioned herein there existed a unity of interest in ownership between Cross-Defendant
4 Damon, on the one hand, and Cross-Defendant Foresight, on the other hand, such that the
5 individuality and separateness between them ceased and that Cross-Defendant Damon was the alter
6 ego of Cross-Defendant Foresight in that, among other things: (a) Damon controlled, dominated,
7 managed and operated Foresight as his alter ego; (b) there has been a failure to comply with or
8 observe the formalities of corporate formation and/or operation; (c) Foresight was inadequately
9 capitalized and unable to carry out its intended business and pay its debts and obligations as they fell
10 due; and (d) the individuality of Foresight is a sham and fiction, and should be disregarded pursuant
11 to the doctrine of piercing the corporate veil.

12 16. Cross-Complainants are informed and believe and based thereon allege that at all
13 material times Cross-Defendants, including without limitation those Cross-Defendants identified as
14 Roes 1 through 20, and each of them, were the agents, employees, partners, joint venturers,
15 co-conspirators, owners, principals and employers of the remaining Cross-Defendants, and each of
16 them, and are, and at all times herein mentioned were, acting within the course and scope of such
17 agency, employment, partnership, conspiracy, ownership or joint venture. Cross-Complainants are
18 further informed and believe and based thereon allege that the acts and conduct alleged herein by
19 each such Cross-Defendant were known to, authorized by, and/or ratified by the other Cross-
20 Defendants, and each of them.

21
22 **THE AGREEMENT**

23 17. Pursuant to an agreement dated as of January 17, 2007 between WB and Sam
24 Applebaum & Chris Alexander (the "Option Agreement"), and pursuant to an agreement dated as
25 of January 17, 2007 between WB and Julianne Hausler (the "Executive Producer Agreement"), WB
26 obtained all right, title and interest in a feature length motion picture project entitled "*Three Stories*
27 *About Joan*" (the "Picture").

28 18. On or about July 1, 2008, Cross-Complainants entered into a written agreement with

1 Cross-Defendants (the "Agreement," a true and correct copy of which is attached hereto as Exhibit
2 "A") regarding the production, finance and distribution of the Picture.

3 19. Among others, the Agreement contained the following material terms, conditions and
4 obligations:

5 (i) That WB would assign to Three Stories all rights to produce the Picture
6 pursuant to the Option Agreement and Executive Producer Agreement entered into between WB and
7 certain third parties, that Three Stories would assume the executory obligations of WB to said third
8 parties pursuant to said Option Agreement and Executive Producer Agreement, and that Three
9 Stories would reimburse WB's reasonable, actual, direct, out-of-pocket development expenses
10 related to the Picture;

11 (ii) That notwithstanding WB's assignment to Three Stories of all rights to
12 produce the Picture pursuant to the Option Agreement, WB retained and did not assign to Three
13 Stories the first and last refusal on all rights reserved by the writers (Applebaum & Alexander)
14 pursuant to the Option Agreement and any further rights assignment documentation between Three
15 Stories and WB would reflect said reservation of rights to WB;

16 (iii) That the Picture would be produced by David Willis and Stephen Eads,
17 through WB, and that the Picture would star Bruce Willis;

18 (iv) That the Picture would have a budget not to exceed \$20 million, and that
19 Cross-Complainants would "secure an amount equal to the budget by a commitment letter
20 ('Commitment Letter') in form and substance reasonably satisfactory to WB, from Aramid or
21 another mutually acceptable, financially responsible third party financier no later than 30 days prior
22 to the scheduled commencement of principal photography";

23 (v) That principal photography of the Picture would commence in the fall of 2008,
24 no later than October 31, 2008;

25 (vi) That Ace Bone would furnish the directing services of Bruce Willis in
26 connection with the Picture on a pay-or-play basis, for which Bruce Willis would be paid fixed
27 compensation of \$196,404, plus applicable DGA fringes;

28 (vii) That WB would furnish the services of David Willis and Stephen Eads to

1 collectively produce the Picture for a fixed fee of \$750,000, plus contingent compensation in the
2 amount of 25% of 100% of Three Stories' Adjusted Gross Receipts derived from exploitation of the
3 Picture in all media throughout the world;

4 (viii) That in the event principal photography of the Picture did not commence by
5 November 15, 2008, all right, title and interest in the Picture would automatically revert to WB;

6 (ix) That Ace Bone would furnish the acting services of Bruce Willis in
7 connection with the Picture, for which Ace Bone would be paid fixed compensation of \$8 million
8 on a pay-or-play basis (the "Fixed Compensation"), less all amounts payable to Ace Bone for Bruce
9 Willis' directing services in connection with the Picture, plus contingent compensation of 10% of
10 100% of the gross receipts of the Picture out of the domestic territory and 15% of 100% of the
11 Foreign Proceeds (defined as all amounts received by Three Stories or its affiliated entities from the
12 sale, license or exploitation of the Picture outside of the U.S., Canada and any other territory
13 sold/licensed to the domestic distributor of the Picture, including without limitation all advances and
14 guarantees) with no deduction for Three Stories' sales fee or override; and

15 (x) That the Fixed Compensation of \$8 million would be escrowed with Bruce
16 Willis' agency (or another mutually agreed third party) no later than 7 days prior to the date on which
17 Bruce Willis was required to travel to commence acting services in connection with the Picture, and
18 that Bruce Willis would have no obligation to render acting services in connection with the Picture
19 unless and until the Fixed Compensation was escrowed.

20 21 FIRST CAUSE OF ACTION

22 **(For Fraud By Cross-Complainants Against All Cross-Defendants)**

23 20. Cross-Complainants reallege, adopt, and incorporate by reference each and every
24 allegation contained in Paragraphs 1 through 19, inclusive, as though fully set forth herein.

25 21. Prior to Cross-Complainants entering into the Agreement and rendering pre-
26 production services in connection with the Picture, Cross-Defendant Diamant, acting on behalf of
27 and with the authorization and knowledge of all Cross-Defendants, affirmatively represented to
28 Cross-Complainants Bruce Willis and WB (i.e., David Willis and Stephen Eads) that Cross-

1 Defendants had secured all financing necessary to produce the Picture, including but not limited to
2 the financing necessary to pay Bruce Willis' Fixed Compensation of \$8 million, the financing
3 necessary to pay the producers' fixed fee of \$750,000, the financing necessary to pay the cast and
4 crew, and the financing necessary to cover the full budget of the Picture up to \$20 million.

5 22. Cross-Complainants reasonably and justifiably relied on the above-described
6 representations by Cross-Defendant Diamant, and reasonably and justifiably believed them to be
7 true.

8 23. In reasonable and justifiable reliance on the above-described representations by
9 Cross-Defendant Diamant, acting on behalf of and with the authorization and knowledge of all
10 Cross-Defendants, Cross-Complainants entered into the Agreement, assigned to Three Stories the
11 right to produce the Picture, began rendering pre-production services in connection with the Picture,
12 refrained from seeking other financiers to produce the Picture, and refrained from rendering acting
13 and producing services for other prospective employers.

14 24. The above-described representations were false. Had Cross-Complainants known that
15 the above-described representations were false, Cross-Complainants never would have entered into
16 the Agreement, never would have assigned to Three Stories the right to produce the Picture, never
17 would have rendered services to Three Stories in connection with the Picture, and instead would
18 have sought other financiers to produce the Picture or would have committed themselves to other
19 projects.

20 25. As a direct and proximate result of the above-described false and fraudulent conduct
21 by Cross-Defendants, Cross-Complainants have suffered damages in an amount in excess of the
22 minimum jurisdictional limits of this Court, the exact amount to be proven at the time of trial.

23 26. The above-described conduct of Cross-Defendants was willful and intentional and
24 done with malice, fraud and oppression, and constitutes despicable conduct in conscious and reckless
25 disregard of Cross-Complainants' rights and interests, such that the conduct warrants the imposition
26 of punitive damages in a sum appropriate to punish Cross-Defendants, and each of them, and to deter
27 them from engaging in future similar misconduct, the exact sum subject to proof at the time of trial.

28

1 SECOND CAUSE OF ACTION

2 **(For Promissory Estoppel By Cross-Complainants Against All Cross-Defendants)**

3 27. Cross-Complainants reallege, adopt, and incorporate by reference each and every
4 allegation contained in Paragraphs 1 through 19 and 21 through 24, inclusive, as though fully set
5 forth herein.

6 28. Cross-Defendants promised Cross-Complainants that Cross-Defendants would pay
7 Bruce Willis' Fixed Compensation of \$8 million and the producers' fixed fee of \$750,000 in
8 connection with the Picture.

9 29. The above-described promises by Cross-Defendants were made in order to induce
10 Cross-Complainants to (i) enter into the Agreement, (ii) assign to Three Stories the right to produce
11 the Picture, (iii) start rendering services in connection with the Picture, (iv) refrain from seeking
12 other financiers to produce the Picture, and (v) refrain from rendering acting and producing services
13 on other projects for other employers.

14 30. Cross-Complainants are informed and believe and based thereon allege that when
15 Cross-Defendants made the above-described promises, Cross-Defendants knew they were false.

16 31. To date, Cross-Defendants have failed to perform their promises to pay Bruce Willis'
17 Fixed Compensation of \$8 million and to pay the producers' fixed fee of \$750,000 in connection
18 with the Picture.

19 32. As a direct and proximate result of Cross-Defendants' false promises to Cross-
20 Complainants as alleged herein, Cross-Complainants have suffered damages in excess of Eight
21 Million, Seven Hundred and Fifty Thousand Dollars (\$8,750,000), the exact amount subject to proof
22 at the time of trial.

23 33. Cross-Complainants are informed and believe and based thereon allege that the
24 above-described conduct of Cross-Defendants was willful and intentional and done with malice,
25 fraud and oppression, and constitutes despicable conduct in conscious and reckless disregard of
26 Cross-Complainants' rights and interests, such that the conduct warrants the imposition of punitive
27 damages in a sum appropriate to punish Cross-Defendants, and each of them, and to deter them from
28 engaging in future similar misconduct, the exact sum subject to proof at the time of trial.

1 **THIRD CAUSE OF ACTION**

2 **(For Breach of Contract By Cross-Complainant Ace Bone, Inc. Against All Cross-Defendants)**

3 34. Ace Bone realleges, adopts, and incorporates by reference each and every allegation
4 contained in Paragraphs 1 through 19, 21 through 24, and 28 through 31, inclusive, as though fully
5 set forth herein.

6 35. Cross-Defendants Signature and Foresight expressly guaranteed the obligations of
7 Cross-Defendant Three Stories under the Agreement.

8 36. Ace Bone is informed and believes and based thereon alleges that (i) Cross
9 Defendants Diamant, Damon, Signature and Foresight are the alter egos of Cross-Defendant Three
10 Stories, (ii) Cross Defendant Diamant is the alter ego of Cross-Defendant Signature, and (iii) Cross-
11 Defendant Damon is the alter ego of Cross-Defendant Foresight.

12 37. Prior to September 29, 2008, Cross-Defendants anticipatorily repudiated the
13 Agreement by advising Cross-Complainants that Cross-Defendants did not have the financing to
14 produce the Picture and would not be able to escrow Bruce Willis' Fixed Compensation of \$8
15 million at least 7 days prior to the date on which Bruce Willis was required to commence acting
16 services in connection with the Picture.

17 38. Cross-Defendants breached the Agreement by, *inter alia*, (i) failing to secure an
18 amount equal to the budget by a commitment letter at least 30 days prior to the scheduled
19 commencement of principal photography, (ii) failing to escrow Bruce Willis' Fixed Compensation
20 of \$8 million at least 7 days prior to the date on which Bruce Willis was required to travel to
21 commence acting services in connection with the Picture, (iii) failing to pay Bruce Willis' directing
22 fees, (iv) failing to pay Bruce Willis' Fixed Compensation of \$8 million, and (v) failing to pay the
23 producers' fixed fee of \$750,000.

24 39. Ace Bone has performed all conditions, covenants and promises required of it
25 pursuant to the terms of the Agreement, except those conditions, covenants and promises which have
26 been prevented or otherwise excused by the conduct of Cross-Defendants.

27 40. As a direct and proximate result of Cross-Defendants' breach of the Agreement, Ace
28 Bone has suffered damages in accordance with proof at the time of trial in an amount of no less than

1 Eight Million Dollars (\$8,000,000).

2
3 **FOURTH CAUSE OF ACTION**

4 **(For Breach of Contract By Cross-Complainant Willis Brothers Films, LLC**

5 **Against All Cross-Defendants)**

6 41. WB realleges, adopts, and incorporates by reference each and every allegation
7 contained in Paragraphs 1 through 19, 21 through 24, 28 through 31, and 35 through 39, inclusive,
8 as though fully set forth herein.

9 42. Cross-Defendants Signature and Foresight expressly guaranteed the obligations of
10 Cross-Defendant Three Stories under the Agreement.

11 43. WB is informed and believes and based thereon alleges that (i) Cross Defendants
12 Diamant, Damon, Signature and Foresight are the alter egos of Cross-Defendant Three Stories, (ii)
13 Cross Defendant Diamant is the alter ego of Cross-Defendant Signature, and (iii) Cross-Defendant
14 Damon is the alter ego of Cross-Defendant Foresight.

15 44. Cross-Defendants breached the Agreement by, *inter alia*, (i) failing to secure an
16 amount equal to the budget by a commitment letter at least 30 days prior to the scheduled
17 commencement of principal photography, (ii) failing to escrow Bruce Willis' Fixed Compensation
18 of \$8 million at least 7 days prior to the date on which Bruce Willis was required to travel to
19 commence acting services in connection with the Picture, (iii) failing to pay Bruce Willis' directing
20 fees, (iv) failing to pay Bruce Willis' Fixed Compensation of \$8 million, and (v) failing to pay the
21 producers' fixed fee of \$750,000.

22 45. WB has performed all conditions, covenants and promises required of it pursuant to
23 the terms of the Agreement, except those conditions, covenants and promises which have been
24 prevented or otherwise excused by the conduct of Cross-Defendants.

25 46. As a direct and proximate result of Cross-Defendants' breach of the Agreement, WB
26 has suffered damages in accordance with proof at the time of trial in an amount of no less than Seven
27 Hundred and Fifty Thousand Dollars (\$750,000).

28

1 **FIFTH CAUSE OF ACTION**

2 **(For Declaratory Relief By Cross-Complainants Against All Cross-Defendants)**

3 47. Cross-Complainants reallege, adopt, and incorporate by reference each and every
4 allegation contained in Paragraphs 1 through 19, 21 through 24, 28 through 31, 35 through 39, and
5 42 through 45, inclusive, as though fully set forth herein.

6 48. An actual controversy and dispute has arisen between the parties as to the following:

7 (a) Cross-Complainants contend that because principal photography of the Picture
8 did not commence by November 15, 2008, all right, title and interest in the Picture has automatically
9 reverted to WB;

10 (b) Conversely, Cross-Defendants contend that Three Stories still maintains
11 certain right, title and interest in the Picture.

12 49. Wherefore, Cross-Complainants seek a judicial determination and declaration that
13 all right, title and interest in the Picture has automatically reverted to WB, and that Cross-Defendants
14 no longer have any right, title and/or interest in the Picture.

15
16 **PRAYER FOR RELIEF**

17 WHEREFORE, Cross-Complainants Bruce Willis, Willis Brothers Films, LLC, and Ace
18 Bone, Inc. pray for Judgment against Cross-Defendants Moshe Diamant, Mark Damon, Foresight
19 Unlimited, LLC, Signature Entertainment Group, LLC, and Three Stories Productions, LLC as
20 follows:

21 **AS TO THE FIRST CAUSE OF ACTION:**

22 1. For general damages against Cross-Defendants, jointly and severally, in accordance
23 with proof at the time of trial;

24 2. For punitive damages in a sum appropriate to punish Cross-Defendants, and each of
25 them, and to deter Cross-Defendants from engaging in future similar misconduct, the exact sum
26 subject to proof at the time of trial;

27 **AS TO THE SECOND CAUSE OF ACTION:**

28 3. For general damages against Cross-Defendants, jointly and severally, in accordance

1 with proof at the time of trial in an amount of no less than \$8,750,000;

2 4. For punitive damages in a sum appropriate to punish Cross-Defendants, and each of
3 them, and to deter Cross-Defendants from engaging in future similar misconduct, the exact sum
4 subject to proof at the time of trial;

5 **AS TO THE THIRD CAUSE OF ACTION:**

6 5. For general damages against Cross-Defendants, jointly and severally, in accordance
7 with proof at the time of trial in an amount of no less than \$8,000,000;

8 **AS TO THE FOURTH CAUSE OF ACTION:**

9 6. For general damages against Cross-Defendants, jointly and severally, in accordance
10 with proof at the time of trial in an amount of no less than \$750,000;

11 **AS TO THE FIFTH CAUSE OF ACTION:**

12 7. For a judicial determination and declaration that all right, title and interest in the
13 Picture has automatically reverted to Willis Brothers Films, LLC, and that Cross-Defendants no
14 longer have any right, title and/or interest in the Picture;

15 **AS TO ALL CAUSES OF ACTION:**

16 8. For all costs of suit incurred by Cross-Complainants;

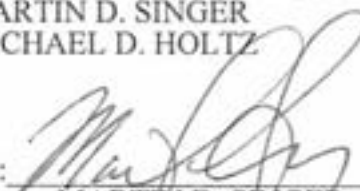
17 9. For reasonable attorneys' fees incurred by Cross-Complainants as permitted by law,
18 statute, and/or contract;

19 10. For interest at the maximum legal rate; and

20 11. For such other and further relief as the Court may deem just and proper.

21
22 DATE: March 5, 2009

LAVELY & SINGER
PROFESSIONAL CORPORATION
MARTIN D. SINGER
MICHAEL D. HOLTZ

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26 By: 
MARTIN D. SINGER
Attorneys for Cross-Complainants
BRUCE WILLIS, WILLIS BROTHERS
FILMS, LLC, and ACE BONE, INC.
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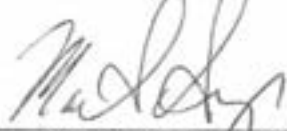
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JURY DEMAND

Cross-Complainants Bruce Willis, Willis Brothers Films, LLC, and Ace Bone, Inc. hereby demand trial by jury.

DATE: March 5, 2009

LVELY & SINGER
PROFESSIONAL CORPORATION
MARTIN D. SINGER
MICHAEL D. HOLTZ

By: 
MARTIN D. SINGER
Attorneys for Cross-Complainants
**BRUCE WILLIS, WILLIS BROTHERS
FILMS, LLC, and ACE BONE, INC.**



FORESIGHT
UNLIMITED

July 1, 2008

David Willis & Bruce Willis
c/o Ziffren, Brittenham et al.
1801 Century Park West
Los Angeles, CA 90067
Attn: P.J. Shapiro, Esq.

Re. "3 Stories About Joan"

Dear P.J.,

The following confirms the basic terms of an agreement ("Agreement") between Three Stories Productions, L.L.C. ("Company") on the one hand, and Willis Brothers Films, LLC ("WB") *U/s/o* David Willis and Stephen Eads (collectively "Producer") on the other hand, regarding the production, finance and distribution of that certain feature-length motion picture project currently entitled "3 Stories About Joan", written by Sam Applebaum and Chris Alexander, and to be produced jointly by Company and WB (the "Picture").

- 1. Conditions.** Company's obligations hereunder are subject to Company's review and approval of the chain of title for the Picture. Upon execution of this Agreement, subject to the terms hereof (i) WB assigns all rights pursuant to the underlying option agreement dated as of January 17, 2007 between WB and Sam Applebaum & Chris Alexander (the "Option Agreement"), and the agreement dated as of July 17, 2007 between WB and Julianne Hausler (the "Executive Producer Agreement") to Company, and (ii) Company assumes the executory obligations of WB pursuant to the Option Agreement and the Executive Producer Agreement, and agrees to reimburse WB's reasonable, actual, direct, out-of-pocket development expenses related to the Picture as detailed on the attached Exhibit 1 and verified by Company. Notwithstanding the foregoing, as between Company and WB, WB retains and does not assign to Company the first and last refusal on all rights reserved by the writers pursuant to the Option Agreement and any further rights assignment documentation between Company and WB will reflect this reservation of rights to WB.
- 2. Picture/Budget.** The Picture will be a feature-length theatrical motion picture based on an original screenplay written by Sam Applebaum and Chris Alexander, to be produced by Producer and to star Bruce Willis, with an "all-in" budget not to exceed \$20 million (including contingency, actual, third party financing costs (interest and loan fees), and above-the-line fees as outlined below). Company shall secure an amount equal to the budget by a commitment letter ("Commitment Letter") in form and substance reasonably satisfactory to WB, from Aramid or another mutually acceptable, financially responsible third party financier no later than 30 days prior to the scheduled commencement of principal photography.
- 3. Start Date.** Currently anticipated to be Fall 2008, but subject to Artist's (as defined in paragraph 10 below) approval (not to be unreasonably withheld or delayed). In any event, the start date will be not later than October 31, 2008.
- 4. Director/Cast.** Following conclusion of an agreement between the parties, Company will make pay-or-play offers to actors mutually approved by Company and WB to co-star in the Picture, with the terms of all such agreements (including an agreement for the acting services of Bruce Willis) to be negotiated in good faith. Lender (as defined in paragraph 10 below) will be engaged to provide the services of Bruce Willis, on a pay-or-play basis, to direct the Picture for fixed compensation in the amount of \$196,404, plus applicable DGA fringes (which amount shall be applicable against the Contingent Compensation provided for in paragraph 10.b. herein), with all other terms to be negotiated in good faith pursuant to a separate agreement for such directing services, consistent with DGA minimum requirements and industry custom.

5. **Producers.** WB will be engaged to provide the services of David Willis and Stephen Eads to collectively produce the Picture for a fixed fee of \$750,000 ("Fixed Compensation"), plus contingent compensation in the amount of 25% of 100% of Company's Adjusted Gross Receipts ("AGR") derived from exploitation of the Picture in all media throughout the world ("Contingent Compensation"). "AGR" shall be defined as all gross receipts received by or credited to Company or any affiliated entity in connection with the distribution or other exploitation of the Picture (including any and all ancillary rights therein) in all media throughout the world remaining after such time as Company recoups from such gross receipts (i) distribution sales fees as provided in paragraph 6 below; (ii) all actual, direct, out-of-pocket distribution and delivery expenses paid to third parties plus interest thereon, (iii) the all-in budget of the Picture (including repayment to financiers of the production costs and/or loans, if any, or any participations payable in consideration of financing or equity contributions and including deferrals actually paid), and (iv) any and all guild residuals actually paid. Mutually approved third party profit participations, including without limitation, the gross participation payable to Lender for the acting services of Bruce Willis hereunder, shall be computed "off the top", and there will be no cross-collateralization between the Picture and any other picture.
6. **Distribution.** Company will act as worldwide distributor of the Picture on terms to be negotiated in good faith, with Foresight handling the negotiation of distribution and licensing agreements for a sales fee (inclusive of subagents' fees, but not subdistributors' fees) in the amount of 15% of foreign (outside the U.S.) MG's and 20% of foreign overages, and 7.5% of domestic gross receipts.
7. **Reversion.** In the event principal photography of the Picture does not commence by November 15, 2008 (subject to extension for force majeure and subject to Artist performance of the required acting and directing services), all right, title and interest in the Picture shall automatically revert to WB subject to a lien in favor of Company for its actual, direct, out of pocket costs in the Picture plus interest (at prime plus 1.5%).
8. **Approvals/Consultation.** WB and Company shall have mutual approval over all key creative elements, including without limitation, the key cast and crew (i.e., department heads), budget, screenplay, writers, locations, and schedules, with no tie-breaker; provided, however, in the event of a disagreement with respect to the budget, locations and/or schedules, Company's decision shall be final. WB shall have a right of meaningful consultation with respect to the domestic distributor of the Picture, as well as the domestic ad campaign and release pattern for the Picture (subject to WB's reasonably prompt responses to any requests for input).
9. **Credit.** David Willis, Stephen Eads, Moshe Diamant and Mark Damon will be entitled to receive producer credits on the Picture, both on screen and in the billing block of paid ads, subject to customary distributor exclusions. WB will receive a shared production company credit on screen, above or before the regular title, in the main titles of the Picture and in the billing block of all paid advertising therefore, subject to customary distributor exclusions. Bruce Willis will have the right to elect, on a timely basis, to receive either producer or executive producer credit (or neither) on the Picture, in either case such credit to be on a shared card in the main titles on screen and in the billing block of paid ads, subject to customary distributor exclusions. Company will consult with WB with respect to other production company credits with whom WB is to share company credit (with Company being pre-agreed). Subject to the foregoing, Company may designate additional production, presentation and other credits as Company customarily receives and as necessary pursuant to the financing structure of the Picture.
10. **Acting Services.** Ace Bone, Inc. ("Lender") shall furnish the acting services of Bruce Willis ("Artist") in the role of Mr. Ryland for four (4) consecutive weeks during principal photography, plus up to five (5) "free" days of pre-production immediately prior to the mutually approved start date (e.g., rehearsal, wardrobe fittings, etc.) and three (3) "free" post-production days (e.g., ADR, voice-over, dubbing, re-shoots).
 - a. **Fixed Compensation.** For Artist's acting services, Lender shall receive a flat, all-in fee, on a pay-or-play basis, of US \$8,000,000 ("Fixed Compensation"), less all amounts payable to Lender for Artist's directing services as provided in paragraph 4 hereunder. The Fixed Compensation shall be applicable against the Contingent Compensation payable to Lender pursuant to paragraph 9.b. below

on a basis to be negotiated in good faith by Lender and Company. The Fixed Compensation shall be escrowed with Artist's agency (or another mutually agreed third party) no later than 7 days prior to the date on which Artist is required to travel to commence acting services in connection with the Picture. Lender and Artist shall be entitled to the maximum benefits provided under the SAG Agreement (including, without limitation, pension, health and welfare fund contributions; payment of residuals, etc.) as though it directly applied. Notwithstanding the foregoing, Artist will have no obligation to render acting services in connection with the Picture unless and until the Fixed Compensation is escrowed as provided for above and Artist is made unconditionally pay-or-play for such services. Artist shall be made unconditionally pay-or-play not later than such time as any other individual is made unconditionally pay-or-play in connection with the Picture.

- b. **Contingent Compensation.** Provided Artist completes his services hereunder and that Lender and Willis are not in material, uncured breach hereof, Lender shall be entitled to the following:
- (i) **Domestic Territories.** 10% of 100% of the gross receipts of the Picture out of the domestic (i.e., US and Canada) territory and any other territory sold/licensed to the domestic distributor of the Picture, from first dollar at source (i.e., the domestic distributor's gross), as customarily defined, accounted for and paid by the domestic distributor of the Picture (with a 35% home video royalty to gross receipts), subject to good faith negotiation taking into account Willis' stature and precedent. All proceeds payable pursuant to this paragraph 9.b.(i) shall be paid directly to Lender by the domestic distributor of the Picture. Lender shall have customary accounting and audit rights directly with the distributor in connection therewith.
 - (ii) **Foreign Territories.** 15% of 100% of the Foreign Proceeds (defined as all amounts received by Company or its affiliated entities from the sale, license or exploitation of the Picture outside of the U.S., Canada and any other territory sold/licensed to the domestic distributor of the Picture, including without limitation all advances and guarantees) with no deduction for Company's sales fee or override. All Foreign Proceeds shall be paid into a collection account to be established in connection with the Picture, and Lender will be a party to the collection account management agreement negotiated in connection therewith.
- c. **Credit.** Artist will have absolute approval over his name, voice, photo and likeness, and the use of all of the foregoing in connection with the advertising and/or promotion of the Picture; provided, however, that Artist pre-approves the use of his name on-screen and in the billing block of paid ads, and (provided the Commitment Letter has been issued) in mutually approved promotional material and product listings for AFM, provided that: (i) the size of his credit may be no larger nor smaller than the credit accorded other lead cast credit on-screen in the main titles and/or in paid ads and/or promotional materials, as applicable; and (ii) Artist shall have the absolute right to approve the position of his credit. Artist also preapproves the use of his approved likeness on one-sheets for the Picture provided that: (y) the likeness of at least one other lead actor in the Picture also appears in each such one-sheet; and (z) Artist's likeness is in a size no larger or more prominent than the likeness of such other lead actor appearing in such one-sheet.

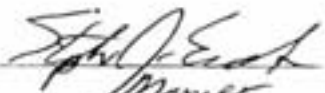

[Signatures on following page]

All other terms to be subject to the good faith negotiation of appropriate agreements within customary industry parameters, and consistent with the budget and the respective party's stature and precedent. If the foregoing is acceptable, please indicate your agreement by signing in the space provided below and we will proceed to prepare a more formal agreement. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which together constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in either a Tagged Image Format File ("TIFF") or Portable Document Format ("PDF") shall be equally effective as delivery of a manually executed counterpart of this Agreement. Thank you.

ACKNOWLEDGED AND AGREED:

AGREED TO AND ACCEPTED:
WILLIS BROTHERS FILMS, LLC

David Willis

By: 
Its: 




Stephen Eads

THREE STORIES PRODUCTIONS, L.L.C.

ACE BONE, INC.

By: _____
Its: _____

By: 
Its: _____

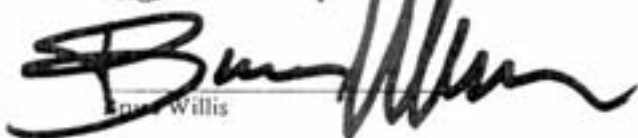
SIGNATURE ENTERTAINMENT GROUP and
FORESIGHT UNLIMITED, LLC hereby guarantee
the obligations of Three Stories Productions, LLC
hereunder:

SIGNATURE ENTERTAINMENT GROUP

By: _____
Its: _____

FORESIGHT UNLIMITED, LLC

By: _____
Its: _____



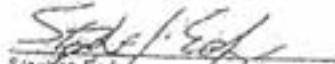
Ben Willis

Page 4
Re: 3 Stories About Joan - Deal Memo

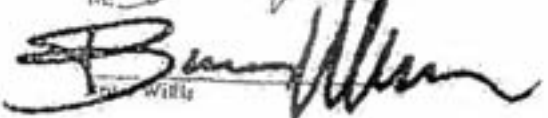
All other terms to be subject to the good faith negotiation of appropriate agreements within customary industry parameters, and consistent with the budget and the respective party's stance and precedent. If the foregoing is acceptable, please indicate your agreement by signing in the space provided below and we will proceed to prepare a more formal agreement. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which together constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in either a Tagged Image Format File ("TIFF") or Portable Document Format ("PDF") shall be equally effective as delivery of a manually executed counterpart of this Agreement. Thank you.

ACKNOWLEDGED AND AGREED:


David Willis


Stephen Eads

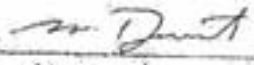
ACE BOND, INC.
By: 
Its: _____


David Willis

AGREED TO AND ACCEPTED:
WILLES BROTHERS FILMS, LLC

By: 
Its: Manager

THREE STORIES PRODUCTIONS, L.L.C.

By: 
Its: Manager

SIGNATURE ENTERTAINMENT GROUP and
FORESIGHT UNLIMITED, LLC hereby purchase
the obligations of Three Stories Productions, L.L.C.
hereunder:

SIGNATURE ENTERTAINMENT GROUP

By: 
Its: Manager

FORESIGHT UNLIMITED, LLC

By: 
Its: MANAGER